

Excerpts from Diary
(Lawrence Clayton)

- 1/5/38 Conference: Eccles, Blattner, Wingfield and Cagle.
- 1/6/38 Eccles lunched at Treasury.
- 1/11/38 I lunched with Eccles at small table and discussed holding company legislation.
- 1/13/38 Conference with Eccles re holding company legislation - 4:30 to 8:30 p.m.
- 1/14/38 Press carries story of J. F. T. O'Connor's expected resignation to run for governor of California. Also President blasted against holding company at press conference.
- 1/17/38 Conference (5:00 to 9:00 p.m.) with Eccles on holding company legislation. Wingfield, Cagle and Blattner in. Eccles opposed staff men's proposal to cover secondary holding companies. But he finally agreed to catch any affiliate which was borrowing from a subsidiary bank - otherwise to regulate primary holding company and its banks only.
- 1/19/38 Worked late at my desk redrafting a memorandum on the holding company matter.
- 1/21/38 Cy Upham in to see Eccles re holding company matter. Secretary had asked him for his opinion. He told Eccles things that indicated Crowley was behind the movement to crack down.
- 1/22/38 Conference with Cagle re Eccles' ideas on the holding company memorandum.
- 1/25/38 Eccles lunches with President. On return he calls for Cagle who saw me afterward and said Eccles wants three page digest of "C's case". (Query: Did this mean Comptroller's case or Cagle's case?) Later in the day Eccles told Thurston and me that he felt discouraged at President's lack of understanding of the banking and monetary problem and he is so hard to steer. When Eccles told him how Congress had considered bank holding companies and had decided against dissolving them and had given regulation of them to the Board and that we had more information about them than all the other government agencies put together, the President said, "I didn't know that and I'm sure the Secretary didn't know it." The President told him to see the Secretary about these matters.
- 1/26/38 Patman sends back the holding company information we gave him and wants a more comprehensive report. Eccles with the Secretary for two hours. Gave him his views on (1) holding companies, (2) consolidation, and (3) capital for small industry. Eccles said later the Secretary was not so positive as before re holding

companies and was very strong for capital flow to small business but not in favor of consolidation as he hadn't thought enough about it.

- 1/27/38 In connection with suggestions made by bankers that the best strategy is for Eccles not to propose any holding company legislation, Eccles said this was a play. He thinks Crowley is scared at the way the holding company bill has blown up in his face and now would like to stop it entirely. Crowley told Eccles that he was working on Glass to stop it, telling him that if the holding company bill is considered it will open the door to all kinds of legislation.
- 1/28/28 Upham calls me re a memorandum I am working on respecting treatment of bond depreciation. (This shows that the Treasury is interested in bank examination in addition to the holding company problem.) Eccles lunched with Senator Barkley who stayed until 3:15. (Query: Was this re holding company legislation or general recovery program which was being worked up by Eccles at this time?)
- 1/31/38 I called Upham re the memorandum I gave him last Friday (1/28) re bond appreciation and depreciation. He indicated his information from the three agencies was in different nomenclature and he would like to discuss the matter further with me sometime. (This is given here to show the course of the agreement on examination procedure.)
- 3/2/38 Glass bill on holding companies reported out.
- 3/3/38 Board meeting on holding company and Patman bills. Davis suggests to Eccles that he find out from the White House where the Board stands in view of press statements that Glass cleared his bill with the Secretary and the White House. Also, where is the agreement re clearing legislation through the Interdepartmental Committee when as it appears from good evidence Crowley wrote the Glass bill at the very time the Committee was supposed to be working on a bill, or at least a report. Eccles to see Wayne Taylor tomorrow as first step. If no progress, then the White House.
- 3/4/38 Eccles saw Wayne Taylor for three hours.
- 3/5/38 I called J. F. T. O'Connor re his phone call to Eccles respecting Crowley's request for a confab on Pacific coast branch banking picture. (Inserted to show Crowley's attitude toward Bank of America and its likely connection with the holding company program.)
- 3/7/38 Fred Carroll in town re holding company bill. (As I recall, this coincided with presence in town of Cameron Thompson, et al.)

- 3/8/38 Eccles to the White House and lunched with the President.
- 3/9/38 Eccles told me that during his visit with the President yesterday he reminded him of the banking and economic program submitted last October and that he (Eccles) was pessimistic about automatic recovery, that it was wishful thinking to expect business to expand in the capital goods field until more production of consumers goods was required by increased demand. This in turn requires stimulation by government intervention. (This inserted to show that the main purpose of Eccles' visit was not the holding company or strictly banking legislation but a recovery program.)
- 3/10/38 Eccles expected to leave tomorrow for the west but deferred until Saturday (3/12).
- 3/11/38 Conference with Ransom and staff on holding company report, he to act as alternate for Eccles on the Interdepartmental Committee.
- 3/14/38 Ransom to the Treasury for Committee meeting on bank holding company matter. Reports later that Jesse Jones says he is for giving the FDIC supervision over holding company groups.
- 3/16/38 Conference in Ransom's office re suggestion for the President's message on bank holding companies. Ransom then left to go to Jesse Jones' office, thence to the Treasury with Davis.
- 4/12/38 Eccles and Ransom to the Treasury. Important meeting with Jimmie Roosevelt, Morgenthau, Oliphant, Gaston, Taylor, Wallace, Appleby, Jones and Hopkins. Discussion of the President's spending program and told Eccles and Ransom that White House wanted the Board to consider reversing the last twenty-five per cent of the increase in reserve requirements. Board meeting at 4:00 to consider this matter. (This inserted to show that bank holding company problem had meanwhile been crowded out of the picture by the development of the recovery program.)